

## GLOSSARY

**Ancillary Services:** Interconnected operations services for operating reserve, voltage control, regulation and frequency response, scheduling and system control and dispatch, and other power supply necessary to effect a reliable transfer of electrical energy at specified contract terms between a buyer and seller.

**Availability:** A measure of time that a generating unit or transmission line, or other facility is capable of providing service, whether or not it is actually in service, Typically this measure is expressed as a percent available for the period under consideration.

**Avoided Cost:** The cost the utility would incur but for the existence of an independent generator or other energy service option. Avoided cost rates have been used as the power purchase price utilities offer independent suppliers.

**Baseload:** The minimum amount of power delivered or demanded over a given period at a constant rate.

**Bilateral Contract:** A direct contract between a power producer or end user outside a centralized power pool.

**Bottleneck Facility:** A point on a system, such as a transmission line, through which all electricity must pass to get to its intended buyers. If there is limited capacity at this point, some priorities must be developed to decide whose power gets through. It also must be decided if the owner of the bottleneck may, or must, build additional facilities to relieve the constraint.

**BPA:** The Bonneville Power Authority is one of five federal power marketing administrations that sell electric power produced by federal hydro electric dams.

**Broker:** An agent that arranges power transactions. The agent may aggregate customers and arrange for transmission, firming and other ancillary services as needed. The broker does not take title to the power supply.

**Bulk Power Supply:** This term is often used interchangeably with wholesale power supply. In broader terms, it refers to the aggregate of electric generating plants, transmission lines and related equipment and can refer to one utility or a group of interconnected utilities.

**Capacity:** The continuous load carrying ability, expressed in megawatts [MW] or mega volt-amperes [MVA] of generation, transmission, or other electrical equipment.

**Capacity Factor:** The ratio of total energy generated by a plant for a specified period of time to the maximum possible energy it could have produced if operated at the maximum capacity rating for the same period, expressed as a percent.

**Competitive Power Supplier:** A supplier of retail energy and capacity and ancillary services, other than the incumbent supplier, that may own generation, buy and resell, and who has title to the electricity.

**Competitive Transition Charges:** A charge that allows utilities to recover historic costs related to electric generating facilities and power purchase contracts.

**Contract Path:** The most direct physical transmission tie between two interconnected entities. When utility systems interchange power, the transfer is presumed to occur over the contract path notwithstanding the fact that power flow in the network will distribute in accordance with network flow conditions.

**Control Area:** An electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other control areas and contributing to frequency regulation of the interconnection.

**Control Area Operator:** The operator of a Control Area in which transmission facilities used for transmission services are located.

**Cooperative Electric Utility [Co-op]:** An electric utility owned and operated for the benefit of those using its service.

**Cost Based Electricity:** A term used by consumer-owned electricity meaning that only the costs of generation, transmission and distribution are included in the cost, and that there is no “margin” or “profit” included.

**Cost of Service Study:** An analysis of all of a utility’s costs at a very detailed level for purposes of assigning these costs to the various customer classes.

**Customer Classes:** A term used in ratemaking to segregate customers by types such as residential, commercial and industrial. The main segregation occurs due to the amount and way customers use electricity.

**Curtaibility:** The right of a transmission provider to interrupt all or part of a transmission service due to constraints that reduce the capability of the transmission network to provide that transmission service.

**Default Provider:** In the case where an electric consumer does not choose a new supplier once competition begins, a supplier is automatically assigned. This supplier is known as a ‘default supplier’.

**Demand:** The rate at which electric energy is delivered to or by a system, generally expressed in kilowatts or megawatts, at a given instant or averaged over any designated interval of time.

**Direct Access:** The ability of a retail customer to purchase commodity electricity directly from the wholesale market rather than thru a local distribution company.

**Distribution Charges:** Charges for the use of local wires, transformers, substations and other equipment used to deliver electricity to homes and businesses.

**ECAR:** East Central Area Reliability Coordination Agreement.

**Economic Dispatch:** The allocation of demand to individual generating units on line to effect the most economical production of electricity.

**EPAct:** The Energy Policy Act of 1992 addresses a wide range of energy issues. The legislation created a new class of power generators, exempt wholesale generators that are exempt from the provisions of the Public Utilities Holding Company Act and grants the authority to FERC to order and condition access by eligible parties to the interconnected transmission grid.

**ERCOT:** The Electric Reliability Council of Texas.

**Federal Energy Regulatory Commission [FERC]:** The FERC regulates the price, terms, and conditions of power sold in interstate commerce, and regulates the price, terms and conditions of all transmission services.

**Firm Power:** Power that is guaranteed by the supplier to be available at all times during a period covered by a commitment.

**Franchise:** A franchise is a grant of right or privilege to occupy or use public streets, ways and facilities located on public streets and ways to deliver service to customers. Local governments typically grant franchises.

**Franchise Fee:** A payment to a city or government for the exclusive right to sell a product in a specified area.

**FRCC:** Florida Reliability Coordinating Council

**Generation:** The process of producing electricity from other forms of energy.

**Generation Charges:** The charge for generating or creating the electricity used. This charge includes the cost of fuel and power plant costs, but not the cost of delivering the electricity to the customer.

**Generation Dispatch and Control:** Aggregating and dispatching generation from various generating facilities, and providing backup and reliability services.

**Grid:** A system of interconnected power lines and generators that is managed so that the generators are dispatched as needed to meet the to as a payment in lieu of taxes.

**Independent System Operator [ISO]:** An independent system operator is an independent third party who takes over ownership and/or control of a regions transmission system for the purpose of providing open access to retail and wholesale markets for supply.

**LB 901:** The Nebraska State Legislature passed LB 901 on April 11, 2000. LB 901 encompasses the elements of the “condition certain” approach to electric deregulation in Nebraska that resulted from the prior LR 455 studies.

**LES:** Lincoln Electric System

**Load:** An end use device or customer that receives power from an electrical system.

**Load Factor:** A measure of the degree of uniformity of demand over a period of time, usually one year, equivalent to the ratio of the average demand expressed as a percentage.

**Local Distribution Company:** The regulated electric utility company that constructs and maintains the distribution system that connects the transmission grid to the end use customer requirements of the customers connected to the grid at various points.

**Gross Revenue Tax:** A tax that is applied to the gross revenue of a utility. Often referred to as a payment in lieu of taxes.

**LR 455:** Legislative Resolution 455 was a three- year review of the electric industry in Nebraska, commissioned by the Nebraska State Legislature in 1997, that recommended and formed the basic premise of the “Condition Certain” approach to electric deregulation in Nebraska.

**MAAC:** Mid-Atlantic Area Council

**MAIN:** MidAmerican Interconnected Network

**MAPP:** See Mid-Continent Area Power Pool

**Megawatt (MW):** One million watts

**Metering:** The process and methods of utilizing devices to measure the amount and direction of electrical energy flow.

**Meter Reading Charges:** The supplier's costs of providing customers with metering and/or meter reading services.

**Mid-Continent Area Power Pool [MAPP]:** One of the nation's nine electricity reliability councils that covers a geographic area including the eastern two-thirds of Nebraska, South Dakota, North Dakota, Montana, Minnesota, western Wisconsin, Iowa, and parts of Saskatchewan and Manitoba.

**NAERO:** North American Electricity Reliability Organization. (Also see NERC).

**NERC:** North American Reliability Council. (Also see NAERO).

**NPCC:** Northeast Power Coordinating Council

**NPPD:** Nebraska Public Power District

**Nuclear Decommissioning:** Mandated charges to pay for dismantling nuclear power plants after they are retired from service.

**Open Access Same Time Information System [OASIS]:** An electronic information system posting system for transmission access data that allows all transmission customers to view the data simultaneously.

**OPPD:** Omaha Public Power District.

**Pancaking:** Refers to multiple transmission tariffs that are applied when electricity is transferred across multiple utility systems.

**Parallel Path Flows:** The flow of electricity on an electric system's transmission facilities resulting from scheduled electric power transfers between two electric systems. Electric power flows on all interconnected parallel paths in amounts inversely proportional to each path's resistance.

**Payments in Lieu of Taxes:** Payments made to local governments in lieu of property and other taxes.

**Peak Load or Peak Demand:** The electric load that corresponds to a maximum level of electric demand in a specified time period.

**Power Exchange:** An entity that would provide a centrally dispatched spot market power pool.

**Public Power:** Consumer-owned electric utilities, either political subdivisions of the state such as public power districts and municipal systems, or cooperatives owned by their members.

**Public Purpose Funds:** State mandated programs, such as low-income discounts and energy efficiency programs.

**Restructuring:** The reconfiguration of the vertically integrated electric utility. Restructuring refers to the separation of the various utility functions into individually operated and owned entities.

**Retail Sales:** Sales of electric energy to residential, commercial and industrial end use customers.

**Retail Competition:** A market system under which more than one provider can sell to retail customers, and retail customers can buy from more than one supplier.

**Regional Transmission Group [RTG]:** A voluntary group of transmission owners and users interested in coordinating transmission planning and expansion on a regional basis.

**Regional Transmission Organization [RTO]:** An umbrella term used to describe a variety of transmission organizations.

**Rural Utility Service [RUS]:** Under the U S Department of Agriculture, a program that provides direct loans and loan guarantees to electric utilities to serve customers in rural areas.

**SERC:** Southeastern Electricity Reliability Council.

**Spot Market:** A market in which commodities are bought and sold for cash and delivered immediately.

**SPP:** Southwest Power Pool.

**Stranded Benefits:** Public interest programs and goals that could be compromised or abandoned by a competitive market for electric services.

**Stranded Costs:** Above market costs of utilities and other power producers that would be stranded by consumers choosing a different power supplier.

**Transmission Charges:** Charges associated with transporting electricity over long distances, such as from generating stations to substations in the consumer's neighborhood.

**Transition Costs [Charges]:** These include existing costs that are stranded, and incremental costs of the new market system for both start-up and on-going expenses ranging from consumer protection to power exchange and access fees.

**Unbundling:** The separation of utility bills into the individual price components for which an electric supplier charges its retail customers, including, but not limited to, the separate charges for generation, transmission, and distribution of electricity.

**Uniform Business Practices:** A consensus driven set of uniform business practices for competitive electricity markets.

**Vertically Integrated Utilities:** Utilities that own the generating plants, transmission system, and distribution lines to provide all aspects of electric service.

**WAPA:** Western Area Power Administration

